The future of trust

New technology meets old-fashioned values

charteredaccountantsanz.com

CHARTERED ACCOUNTANTS™
AUSTRALIA + NEW ZEALAND

CHARTERED ACCOUNTANTS™
AUSTRALIA + NEW ZEALAND

Chartered Accountants Australia and New Zealand

Chartered Accountants Australia and New Zealand is a professional body comprised of over 120,000 diverse, talented and financially astute members who utilise their skills every day to make a difference for businesses the world over.

Members are known for their professional integrity, principled judgment, financial discipline and a forward-looking approach to business, which contributes to the prosperity of our nations.

We focus on the education and lifelong learning of our members, and engage in advocacy and thought leadership in areas of public interest that impact the economy and domestic and international markets.

We are a member of the International Federation of Accountants, and are connected globally through Chartered Accountants Worldwide and the Global Accounting Alliance. Chartered Accountants Worldwide brings together members of 14 chartered accounting institutes to create a community of over 1.8 million Chartered Accountants and students in more than 190 countries. It is committed to promoting the expertise and skills of Chartered Accountants and the value they can offer to businesses, organisations, individuals and communities around the world. The Global Accounting Alliance is made up of 10 leading accounting bodies that together promote quality services, share information and collaborate on important international issues.

We also have a strategic alliance with the Association of Chartered Certified Accountants. The alliance represents 788,000 current and next generation accounting professionals across 181 countries and is one of the largest accounting alliances in the world providing the full range of accounting qualifications to students and business.

About Dr Lisa Marriott

This document was prepared with the assistance of Dr Lisa Marriott. She is a Professor of Taxation and Associate Dean (Research) at Victoria University of Wellington's Business School. Lisa's research interests include social justice and inequality, and the behavioural impacts of taxation. Her work is interdisciplinary covering disciplines including criminology, political science and public policy. Lisa has published widely in academic journals, books and chapters in edited publications. Lisa has worked in industry in the private sector in the United Kingdom and in the public sector in New Zealand. For the past 12 years, Lisa has worked in academia.

Copyright © March 2019. Chartered Accountants Australia and New Zealand. All rights reserved.

DISCLAIMER This document was prepared by Chartered Accountants Australia and New Zealand with the assistance of Dr Lisa Marriott. The information in this document is provided for general guidance only and on the understanding that it does not represent, and is not intended to be, advice. Whilst care has been taken its preparation, it should not be used as a substitute for consultation with professional accounting, tax, legal or other advisors. Before making any decision or taking any action, you should consult with an appropriate specialist or professional.
Chartered Accountants Australia and New Zealand. Formed in Australia. Members of the organisation are not liable for the debts and liabilities of the organisation.
ABN 50 084 642 571 1040

Key points

- Trust is critical in any relationship. High levels of trust have significant benefits for businesses and professionals.
- As people's trust in many institutions declines, being honest and ethical isn't enough – you need to communicate this commitment too.
- New technology combined with traditional values such as face-to-face contact can help improve trust.
- Association with a brand and purpose beyond profit are proven ways to retain and build trust.

Contents

Foreword 2

Executive summary 3

Introduction 5

1. Who do we trust? 7

2. Which 'trust factors' matter to your stakeholders? 9

3. A trust paradox 11

4. Lessons on trust 12

- Trust in leadership and management 12
- Trust in sectors 12
- Trust in brands 13
- Trust in government and government agencies 14
- Trust in technology 16

Conclusion 19

References 20

Foreword

'I mayhave the right to do this, but is it the right thing to do?'

The wrong answer to this fundamental question – ie. not doing the right thing – underpins many of today's crises of trust and falling faith in authorities and institutions.

The starting point for our personal, professional and organisational decision making must be 'let's do the right thing'. *The Future of Trust* sets out the benefits of this choice, including increased revenue, increased value delivered to citizens, greater connection for staff with their employer, lower employee turnover and higher shareholder returns. All flow from increased trust.

The report also draws attention to the costs of getting it wrong. The Australian Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry highlighted long-standing unethical practices in the sector driven by "the pursuit of short-term profit at the expense of basic standards of honesty". As a result, Australian's trust in banks, for example, has plummeted.

By examining my own profession – accounting – this report points to a way forward, a way to build or rebuild trust. While trust in many institutions is declining, trust in technical experts and professions such as doctors, engineers and accountants is rising, or at least steady. The power to the good of these groups is enhanced by belonging to professional bodies.

The Future of Trust also reinforces what we all instinctively know – the healthiest relationships are underpinned by face-to-face communication. This doesn't mean cutting our electronic communications, but remaining careful not to neglect personal relationships.

The concepts of trust, honesty, ethics and integrity are intertwined. They are the foundations of healthy relationships in both our personal and professional lives. Of them all, trust stands out as a leading international measure of organisational health. Our report includes information from the most well-known of these measures, the Edelman Trust Barometer. It also provides interesting new measures of trust, contributing to a greater understanding of trust.

At heart, building or rebuilding trust is about our personal choices. In professions such as accounting which depend on trust and confidence, ethical leadership – leaders who choose to do the right thing – is critical. That starts at the top in our boardrooms and senior leadership teams. Then it must be lived through out organisations.

Ethical behaviour is fundamental to maintaining, or rebuilding, public trust and confidence.

Stephen Walker FCA
President, Chartered Accountants Australia and New Zealand

Executive summary

Trust is at a record low. Large-scale data breaches are commonplace. Distrust lies at the heart of many high-profile contemporary global issues such as climate change, globalisation and political disruption. The term "fake news" is everywhere.

In Australia, trust is a central theme in evidence before the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (the Royal Commission). Questions surrounding consumer trust were also raised in the Reserve Bank of New Zealand and the Financial Markets Authority's report on the conduct and culture of New Zealand life insurers.

Who can we trust? Can we trust anyone?

In the midst of a technological explosion, traditional "old fashioned" values appear to be more important than ever. Our research emphasises the importance of being honest and ethical, and the need to communicate this commitment in order to gain trust.

As technology plays an increasingly important role in the way we deliver services, businesses face new challenges in maintaining trusting relationships. Some say that the increased use of technology in business is damaging trust. However our research suggests that *it is not the shift towards increased use of technology that is damaging trust. Instead, it is the accompanying move away from face-to-face contact.* Traditional values of open, honest and ethical behaviour remain paramount in rapidly changing business environments. While these may seem old-fashioned, our research shows that people value these traits in business.

Trust is a fundamental foundation of all human relationships. The benefits of high-trust relationships in business include increased revenue and lower costs leading to more profit, as well as an increased commitment to the organisation by employees. But the benefits of trust in business go well beyond costs and profit. Being ethical and acting with integrity, both key components of trust, is doing the right thing because it is *the right thing to do.*

Trust in institutions is declining across Australia, and in some cases also in New Zealand. Notably, trust in the media in both countries was more than 10 percentage points lower than the global average in 2018. Trust is also particularly low in Australia's financial services industry and at risk in New Zealand's life insurance industry.

However, as trust in institutions declines, trust in experts and specialists appears to be strengthening. Police along with professionals, including doctors, engineers, teachers and accountants remain highly trusted. Professionals benefit further from a strong brand association: 77% of survey respondents in Australia and New Zealand said they had a higher level of trust in an accountant who was a member of a professional accounting body. Our survey suggests that a strong brand can result in a "perceived monopoly", providing professionals with opportunities to differentiate from others and benefit from their technical expertise.

Trust is also strongest for organisations perceived as having clear values, and a purpose beyond just profit. To be trusted, organisations need to commit to and communicate a clear purpose – what are they asking people to trust in? A clearly articulated purpose and values also helps build

trust internally, by assisting organisations with defining their priorities and developing their culture. In a survey of Australian CEOs, 89% said they built trust with their workforce by being transparent about their values. Lessons drawn from the financial services sector show the importance of having a purpose that goes beyond profit-making. A strong purpose helps an entity build social capital, which in turn builds trust.

Amidst a climate of rapid technological change and increased scepticism, it is the traditional and time tested values that shine through as those essential to building trust. Being ethical, honest and acting with integrity; building face-to-face relationships and communicating openly are back in vogue. These values will help build trust and in doing so, generate business benefits. However, and more importantly, putting these values at the centre of an organisation, using them as a basis for interacting with customers and employees is doing the right thing. As technology induced change increases at a rate of knots, it is refreshing to find that one thing has remained constant – old-fashioned values are the new trust.

Introduction

The future of trust

Trust is the foundation of any healthy relationship. Trust is when one party relies on another to behave in a certain way. Two elements are present in a trust relationship: risk (based on uncertainty about how the other party will behave) and interdependence (a reliance on the other party to fulfil their part of the arrangement). Trust is violated when there is a deviation from what is expected. When trust is violated, expectations of future behaviour are changed – and trust declines.

What are the benefits of being trusted? Research shows that trust is vital to success in business. Companies that are trusted have lower employee turnover, higher revenue, higher profitability and higher shareholder returns.[1] Higher levels of organisational trust result in lower costs of doing business.[2] In addition, trust fosters cooperation among colleagues and increases commitment to the organisation.[3] Higher levels of trust improve social capital.[4] These factors all lead to the development of a competitive advantage.

> *"People and organisations with high trust enjoy tremendous support and success. When trust is present, customers are loyal, innovation prospers, time-to-market is short, costs decline, partnerships work effectively and people are motivated."*
> James Sharpe, Senior Lecturer Harvard Business School, Charles H Green, CEO/Founder of Trusted Advisors Associates[5]

Consumer trust is also paramount to the effective functioning of the financial markets. Financial markets pivot on trust, as evidenced by the fallout from the 2008 Global Financial Crisis and more recently evidenced by the credit squeeze and softening of the housing market as a result of the Hayne report on the banking Royal Commission in Australia.

What does trust look like? Theoretical models of trust share some fundamental building blocks:

- competency – believing the other party has the skills and experience to fulfil their part of the contract
- integrity – believing the other party is honest
- goodwill – one party has confidence that the other party will look after their interests
- effective communication.[6]

Three megatrends relevant to trust include:

- technological change
- data and information
- industrial change.

Megatrends are significant, transformative trends that help define the present and shape the future. They affect business, the economy, industry, society and individuals. These three megatrends illustrate a range of factors that impact on trust.

Megatrends influencing trust

Rapid technological change

- New business models
- Removal of intermediaries and increased use of online platforms
- Artificial intelligence
- Less face-to-face contact
- Speed of change
- Reduced transparency

Data explosion

- Data and information access and protection
- Who and what to trust – proliferation of 'fake news'
- Use of big data and sophisticated analytics
- Decision-making by algorithm
- Large-scale data breaches

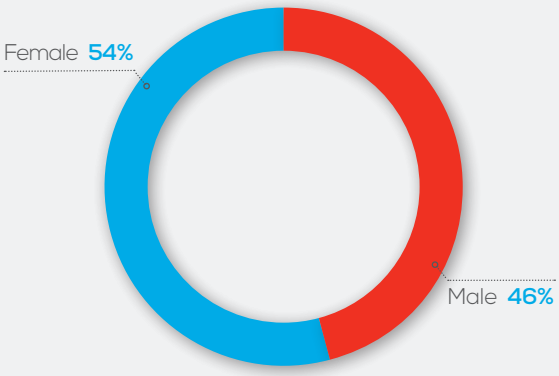
Geo-political uncertainty

- Brexit and the ensuing fallout
- 2016 US Election
- 'Trumpism'
- The global rise of populism (Netherlands, France, Germany, Austria)
- Transfer of power from the West to the East
- Rising global inequality

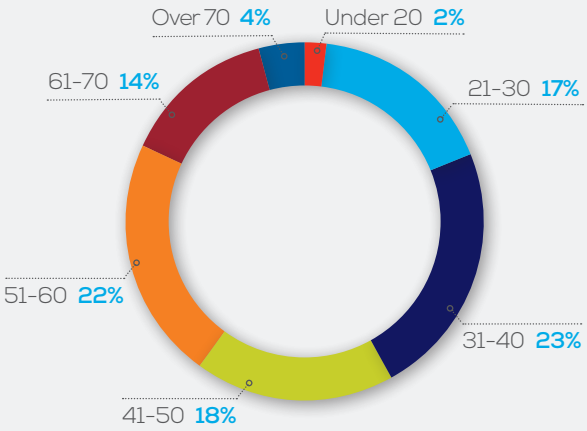
Survey methodology

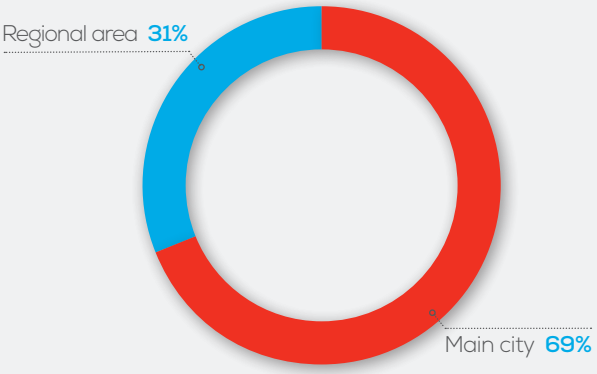
This paper draws on data from two studies. The first reports on a survey conducted with respondents from Australia and New Zealand to generate new knowledge in relation to trust in institutions and professions.[7] Respondents were asked how much they trusted certain groups and what factors increased or decreased this trust. They were also asked about the impact on trust of brand loyalty and technology across a range of institutions and professions. The survey had 1,000 respondents from Australia and 500 from New Zealand.

This paper also incorporates findings from a survey by Edelman Intelligence, an independent market research firm, in conjunction with Chartered Accountants Worldwide.[8] Respondents were financial decision makers, those who either make or influence financial decisions on behalf of their organisation. This survey included about 1,000 respondents in five countries, as follows: Australia (125), Ireland (250), New Zealand (125), South Africa (250) and United Kingdom (250). We augmented survey findings with brief interviews with senior accounting practitioners.



Australia and New Zealand age structure demographic





1. Who do we trust?

Trust evolves. Historically, religious institutions were the most trusted. Over time, trust moved to other institutions such as the state. Today it can be challenging to be a fully informed member of society without placing our trust in digital platforms and algorithms.

When it comes to business, certain professions are trusted more than others. Nurses, doctors and teachers typically score highly. [9] Conversely, other occupations, such as real estate agents and insurance brokers, score poorly in equivalent trust rankings.[10]

Trust is highly contextual. In August 2018, a special Global Corruption Barometer survey conducted in Australia reported that trust and confidence in all levels of government fell over the previous year from 49% to 46% for federal government, 53% to 46% for state governments, and from 58% to 51% for local governments.[11] By December 2018, another survey reported a dramatic decrease in trust, with only 31% of people trusting federal government, while 33% trusted state and local governments.[12] Ministers and Members of Parliament rated even lower with only 21% of respondents in Australia trusting them. As the actions — and inaction — of governments and politicians are usually highly visible in the media, significant events (such as replacing the Prime Minister and the the Royal Commission) serve to reinforce distrust.

A Trans-Tasman Trust Snapshot

In New Zealand, medical practitioners and police are perceived as the most trustworthy.

Media, bloggers and online commentators are perceived as the least trustworthy.[13]

Accountants are among the most trusted professional group in Australia and New Zealand, behind doctors, engineers and teachers.[14]

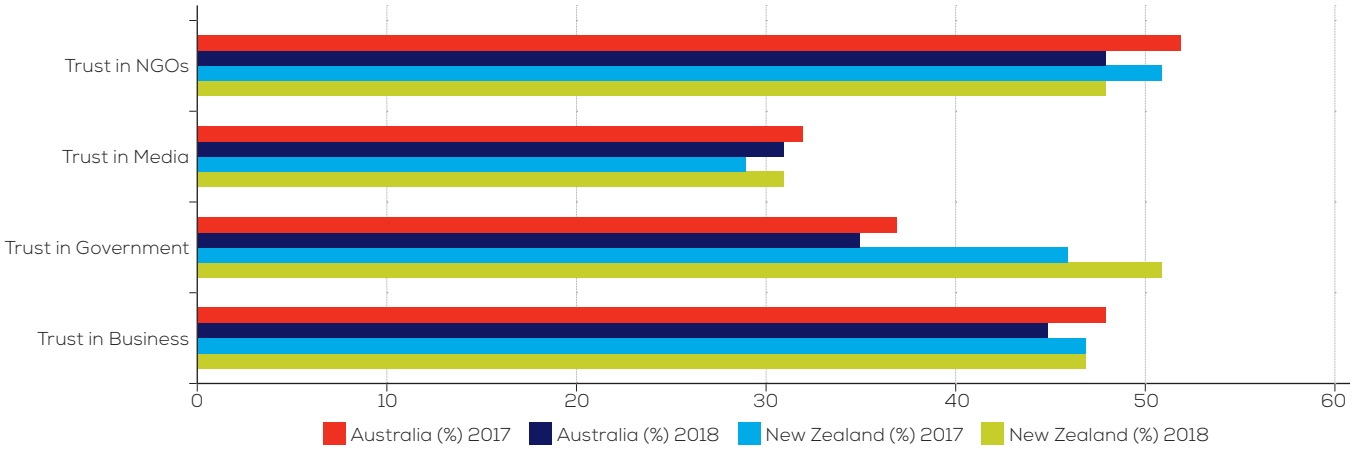
Trust in business, the media, the government and non-profit organisations fell in Australia between 2017 and 2018.[15]

47% of Australian customers do not trust their own financial services providers.[16]

The 2018 Edelman Trust Barometer, the most well-known and highly regarded international measure of trust,[17] reported declining trust across all institutions measured.[18] At that time Australia measured a mere 4 percentage points above the least trusted country (Russia).

Despite a modest increase in 2019, recent years have seen a trend of institutional distrust in both Australia and New Zealand. This is illustrated in Chart 1.1, which depicts results from the 2018 and 2017 Edelman Trust Barometer. A trust index score ranging between 1 and 49 out of a possible 100 indicates distrust.

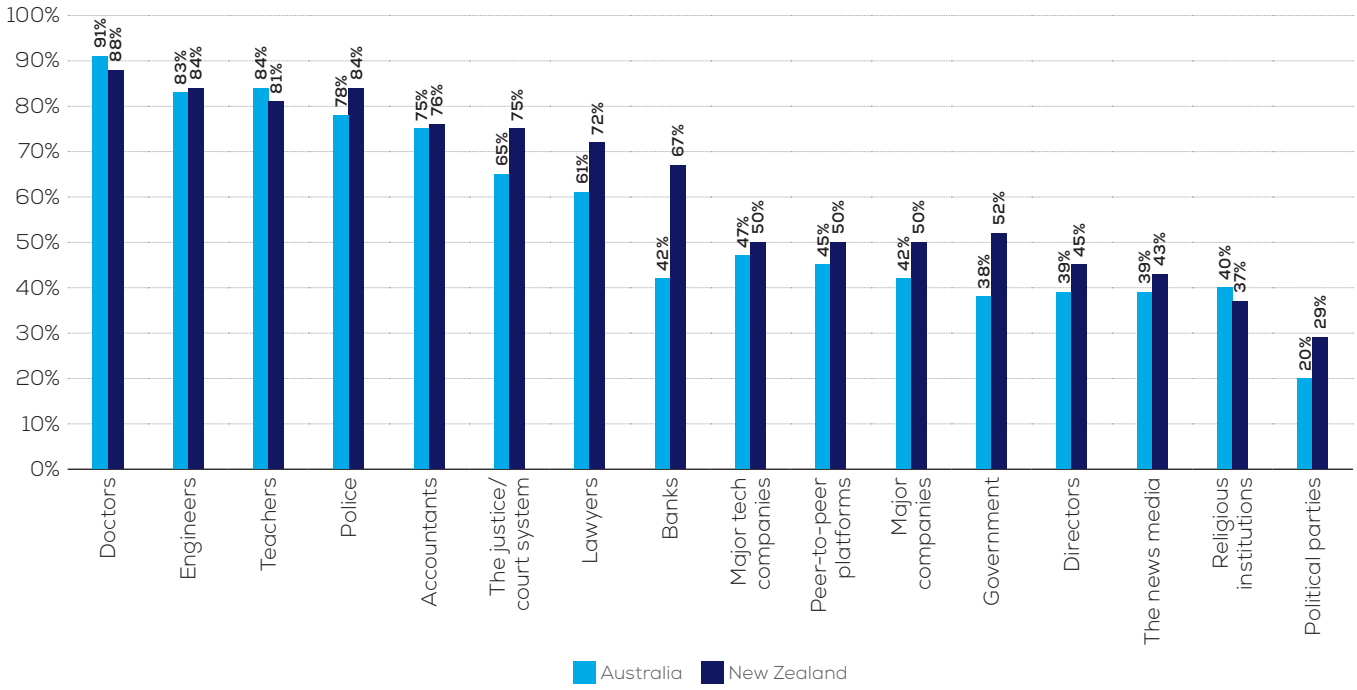
Chart 1.1: Trust in institutions – Australia and New Zealand (2017 and 2018)



Research by Deloitte in 2018 shows that trust in the Australian financial services industry has declined, with 32% of customers saying their trust had deteriorated in the past 12 months. One quarter of customers did not trust the financial services industry, with banking and insurance the least trusted sectors, and 47% of customers reported that they did not trust their own financial services provider.[19] This is unsurprising given the widespread attention attracted by the Royal Commission interim and final reports issued in September 2018 and February 2019 respectively (discussed later in this paper).

Trust in the media in New Zealand and Australia was more than 10 percentage points lower than the global average in 2018. Australia was second-lowest to Turkey among 28 countries in distrust of the media.[20] Despite a slight improvement in 2019, Australia remains seven percentage points below the global average. Distrust in digital platforms (how content is delivered and represented by social media and search engines) is driving this result. New Zealand results are similar with half of survey respondents perceiving television and print media as untrustworthy, and 63% of bloggers and online commentators as untrustworthy.[21]

Chart 1.2: Who do we trust?



Doctors are the most trusted professionals. The most trustworthy professions across New Zealand and Australia are doctors (90%), engineers (84%), teachers (83%) and accountants (75%). Accountants scored higher than the justice/court system (68%) and lawyers (65%). The least trusted groups were political parties (23%), religious institutions (39%), directors and the news media (both at 41%). **Trust evolves, but trust in expertise is constant.** One explanation is that it is not the expert who speaks but his or her expertise. Speaking as an expert allows for greater objectivity in messaging. By way of contrast, less trusted institutions (see Chart 1.2 – religious institutions, political parties, the news media) often speak from an ideological position. Their message is less trusted unless the recipient shares the same ideological stance.

2. Which 'trust factors' matter to your stakeholders?

A headline in *The Financial Times* in 2017 said: "Business Leaders: You Face A Gaping Trust Deficit".[22] This article cited corporate scandals, excessive pay for executives in poorly performing organisations and poor treatment of employees as reasons why trust is undermined.

Chart 2.1 shows how trust relationships are interdependent and multidimensional. Trust relationships exist within and between society, organisations and individuals. For example, an organisation trusts society not to change the rules essential for its operations. An organisation also needs to trust other organisations such as its suppliers, and to trust individuals such as its customers to be loyal to it so long as it adheres to society's rules.[23]

Governments, business, media and the non-profit sector are examples of institutions that play different roles within society. Society provides these institutions with a mandate upon which to build trust, in turn giving trusted institutions a social license to operate. When institutions fail to uphold their mandate, their social licence to operate is revoked.

Table 2.1 outlines the trust building actions, or 'trust factors' traditionally carried out by each of the four institutions reported in the Edelman Trust Barometer.[25]

Chart 2.1: Dimensions of trust relationships[24]

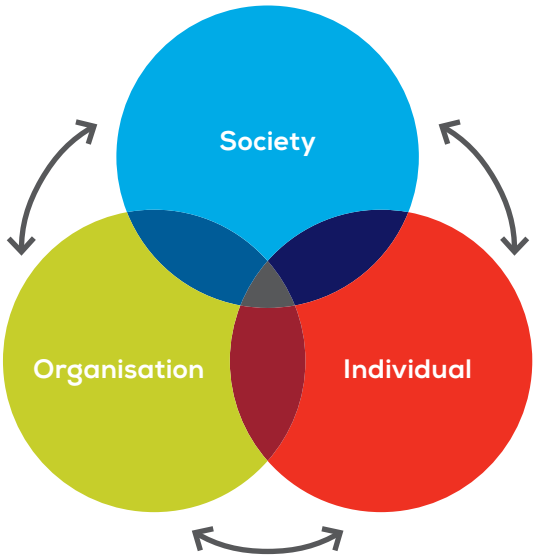


Table 2.1: Primary trust factors

Business/professions	Government
Trust that businesses will: • protect private data • foster prosperity • create jobs and add to economic development • be environmentally responsible • generate positive social benefits • pay their fair share of taxes • behave ethically • treat employees well • be honest • use shareholder funds wisely	Trust that government will: • provide infrastructure • foster prosperity • facilitate a good quality of life for citizens • protect the environment • protect those least well off in society • provide high quality services • collect fair levels of taxation • make prudent decisions in relation to spending • be honest
Media	**Non-profit sector**
Trust that media will: • protect private data • educate people • act as a check and balance on other institutions • provide accurate data • be honest • behave ethically	Trust that the sector will: • protect private data • be the guardian of fairness and equality • improve quality of life for stakeholders • be honest • protect those who are least well off in society • use funds wisely

The survey respondents in the Edelman Trust Barometer rated the blue items in the above table as most important. Our research took this a step further. Respondents were asked what single action would be most likely to decrease trust in a particular group.

They were offered a choice of answers outlined in Table 2.1, or they could give a free-form response. Table 2.2 reports respondents' trust assessment of a range of professions and institutions in Australia and New Zealand.

Table 2.2: What single action would be most likely to decrease your trust in each group (top three responses)?

Religious institutions	They behave unethically	28%	They are dishonest	22%	They do not protect the vulnerable	19%
The news media	They are dishonest	46%	They behave unethically	25%	They generate negative social benefits	6%
Accountants	They are dishonest	34%	They behave unethically	23%	They fail to protect private data	10%
Lawyers	They behave unethically	38%	They are dishonest	30%	They do not protect the vulnerable	7%
Doctors	They behave unethically	36%	They are dishonest	14%	They do not provide high-quality goods or services	14%
Engineers	They do not provide high-quality goods or services	23%	They behave unethically	17%	They are dishonest	17%
Government	They are dishonest	33%	They behave unethically	19%	They generate negative economic benefits	10%
Teachers	They behave unethically	28%	They do not protect the vulnerable	16%	They are dishonest	16%
Justice/court system	They behave unethically	29%	They do not protect the vulnerable	25%	They are dishonest	20%
The Police	They behave unethically	27%	They are dishonest	26%	They do not protect the vulnerable	25%
Banks	They are dishonest	29%	They behave unethically	24%	They fail to protect private data	12%
Political parties	They are dishonest	43%	They behave unethically	22%	They generate negative economic benefits	7%
Major companies	They are dishonest	22%	They behave unethically	21%	They don't pay their fair share of taxes	15%
Directors	They are dishonest	28%	They behave unethically	26%	They treat employees poorly	13%
Major tech companies	They fail to protect private data	30%	They behave unethically	18%	They are dishonest	16%
Peer-to-peer platforms	They are dishonest	24%	They behave unethically	20%	They do not provide high-quality goods or services	12%

Table 2.2 shows the top three actions most likely to decrease trust in each group. Dishonesty (red) and unethical behaviour (blue) are the most prominent, with respondents selecting these behaviours as two of the top three actions most likely to decrease trust for every type in profession or institution surveyed. This demonstrates the importance of being honest and ethical, and communicating this to your stakeholders.

The table also reveals a clear 'trust gap' between generally perceived factors for improving trust and factors people actually report are important to them for improving trust.

For example, our survey expected respondents would be concerned with protection of their private data, but this was only a primary trust issue when dealing with accountants (10%); banks (12%); and major technology companies (30%). Another expectation was to see greater loss of trust in business when negative economic output was generated, but this was only one of the top three factors for government (10%) and political parties (7%).

Respondents were concerned about protecting the vulnerable: this was important for trust in religious institutions, lawyers, teachers, the justice system and the police. Poor quality goods and services affected people's trust in peer-to-peer platforms (12%), doctors (14%) and engineers (23%). These findings reinforce the **importance of knowing what trust issues really matter and to whom** if we are to develop high-trust relationships.

3. A trust paradox

Society faces a trust paradox as people become increasingly dependent on, and simultaneously distrustful of, digital technology. Online information is not always reliable, social media is vulnerable to manipulation and personal data may not be private. Despite compelling evidence to distrust digital technology, people are using it ever more intensively in most elements of daily life. Digital flows account for more GDP growth globally than trade in traditional goods[26] and the top six companies in the world worth more than $500 billion are technology companies.[27]

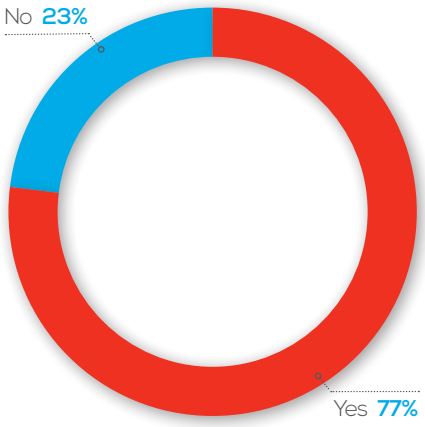
> *"Trust is largely the keystone of the global digital economy"*
> Dr Bhaskar Chakravorti and Dr Ravi Shankar Chaturvedi
> Fletcher School, Tufts University, Massachusetts

New Zealand and Australia both have relatively high levels of digital uptake. The Digital Evolution Index 2017 is a holistic evaluation of the progress of the digital economy across 60 countries. This index reports on rates of digital evolution, with Australia and New Zealand ranking at 11 and 14, respectively, out of 60 countries.[28] This high level of uptake is despite major global data breaches such as the public exposure of at least 87 million Facebook accounts[29] and Yahoo's agreement to pay a $50 million settlement to the 200 million people affected by its data breach.[30]

One recent study observes differences in trust in countries, depending on their uptake of digital technologies. Countries with smaller digital economies and where technology use is growing, exhibit more trusting behaviours online. In contrast, users in mature digital markets, such as Western Europe, North America and Japan, are less trusting and less tolerant of unfriendly digital environments.[31]

In this context, the Chartered Accountants Worldwide Edelman Intelligence survey asked respondents how they thought new technology would affect accountancy. The results – shown in Chart 3.1 – reveal that 77% said they thought new technology would have a significant impact.

Chart 3.1: People who say they believe new technology will have a huge impact on accountancy



While technology induced change continues to impact all professions, it also creates opportunities for experts to differentiate their offerings by leveraging trust in new technology with the time-tested and robust assurance mechanisms offered by professional organisations. Artificial intelligence and blockchain technology potentially provide significant opportunities for innovation in the field of audit, enabling the real-time extraction and analysis of data, paving the way for 'real-time' auditing. This will create greater trust between an auditor and their client.

In simple terms, a blockchain is a decentralised ledger. This emerging technology claims to be able to do away with trust as we know it, replacing it with a form of digital trust via a decentralised approach to accounting. This peer-to-peer platform promises to remove the need for trusted intermediaries such as the government or banks, allowing users to transact directly.

4. Lessons on trust

Trust in leadership and management

The beneficial impact of trust on multiple components of organisational performance is now widely accepted. High levels of institutional trust within an organisation creates trust among co-workers,[32] which has a positive impact on innovation,[33] staff turnover and organisational support, and trust in the supervisor[34] creates superior performance.

A key element of management's effectiveness is determined by how much a leader is trusted by those working for and with the leader.[35] Trust in leadership has significant positive outcomes, including job satisfaction, organisational commitment and commitment to the leader's decisions.[36] Studies of sports teams highlights this. "Trust in leadership allows the team members to suspend their questions, doubts, and personal motives and instead throw themselves into working toward team goals," says one study.[37] Other research shows a correlation between trust in managers and organisational performance, where higher levels of trust were related to increased sales and profits, and decreased employee turnover.[38] One study, undertaken on trainee accountants, shows that when supervisors demonstrate ethical leadership trainees reported increased trust in those supervisors. This study also found positive relationships between trust in a supervisor and work engagement, and negative relationships between trust in a supervisor and emotional exhaustion.[39]

A strong corporate purpose also helps promote an organisation's values and behaviours, and can help define its culture. A PwC publication reports that **89% of Australia's CEOs build trust with their workforce by being transparent about their values.**[40]

The 2018 Edelman Trust Barometer reports higher levels of public trust in employees than in leaders: 47% of respondents are likely to trust an organisation's employees, whereas only 44% are likely to trust the CEO. 78% of respondents to the 2019 Edelman Trust Barometer were of the view that **the manner in which a company treats its employees is one of the best indicators of its level of trustworthiness**. 77% of Australian respondents were particularly trusting of their employers, with over three quarters of respondents agreeing that they trusted their employer to "do the right thing". This was much higher (by 30 and 20 percentage points respectively) than their trust in the government and business. It was also higher than the global average.

However despite this, untrustworthy behaviour by employers and leaders is not uncommon. We highlight just one of these in the following case study: a case of misconduct at a prominent New Zealand law firm.

Case study: A breach of trust in leadership[41]

The double impact

In 2017, the New Zealand media reported claims by five summer clerks that they were sexually harassed by a partner and solicitor while working at a prominent law firm in the summer of 2015-16.

In early 2018, after considerable public and media scrutiny, the firm commissioned an independent, external review to review the incidents and report on the firm's framework of policies, standards and systems, and its culture.

The subsequent report published in July 2018 found "failings in the firm's governance, structure, management, policies, standards, and systems, as well as the lack of a code of conduct". The report also noted bullying behaviour, excessive work hours for junior lawyers and fear of the consequences for speaking out.

These incidents also affected employees' trust in the firm's leadership and caused considerable damage to the firm's reputation. "The lack of action by the chief executive and the board in the face of widespread knowledge of ongoing inappropriate relationships has severely damaged trust and confidence in the leadership of the firm."[42]

Universities distanced themselves from the firm, and public calls were made to boycott the firm. New Zealand Law Society President Kathryn Beck said the incidents were symptomatic of a deeper problem across the entire law profession.

Lesson: A healthy corporate culture and strong governance are central to creating a trusting working environment. A breach of trust has a double impact. As well as being morally and ethically wrong, it also hurts business. Companies that are not trusted must work harder to retain and grow their customer base, to attract talented employees and to maintain their social licence to operate.[43]

Trust in sectors

Over recent years, the financial services sector has suffered from a global crisis in trust. Trust is particularly important in service-based industries due to the abstract nature of many services.[44] In the financial services sector, being customer-oriented is insufficient; instead, salespeople must demonstrate ethical behaviour to be trusted.[45] The Australian financial services sector reached a critical juncture in 2017, when a Royal Commission was established to investigate practice in the banking, superannuation and financial services industry. In New Zealand, the Financial Markets Authority and the Reserve Bank of New Zealand recently issued an unfavourable report on the conduct and culture of the life insurance industry in New Zealand.

Case study: Trust in the financial sector in Australia

A long road to recovery

The interim report of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (the Royal Commission) reveals a long list of failures by regulators and industry management, including poor governance, conflicts of interest, unethical norms of behaviour, and a lack of historic action when inappropriate and unacceptable behaviours were highlighted.[46] The Royal Commission's final report made 76 recommendations and 24 referrals for potentially criminal conduct.

Widespread unethical practices in the sector include:

- charging fees where no services were provided;
- giving inappropriate advice to customers;
- improper conduct by advisers, including falsifying documents and engaging in deceptive conduct relating to clients;
- breaching responsible lending practices;
- selling products that were not fit-for-purpose, such as add-on insurance where the customer may not have been able to claim the benefits of the policy.

The issues raised go back at least to the Global Financial Crisis in 2008.

The commission's interim report concluded that the motivation for this behaviour was often greed: "the pursuit of short term profit at the expense of basic standards of honesty". As similar questionable conduct occurred at all of the major Australian financial entities, the report suggested that this could not be written off as a few "rogue operations" because it "ignores the root causes of conduct, which often lie with the systems, processes and culture cultivated by an entity. It does not contribute to rebuilding public trust in the financial advice industry".

The impact of the findings is widespread. Recent reports show that 20% of Australians say they believe banks, in general, are ethical or can be trusted to do what is right and fair.[47] The lack of integrity, competency and goodwill detailed in the report suggest that it will be a long road until people regain trust in the sector.

In our survey, we asked respondents *if there was one thing that organisations could do to improve trust ...what would that be.* Their response was that honesty and transparency were crucial to improve trust with organisations. These two factors accounted for 60% of responses and further support the importance of honesty and openness in all business engagements.

Lesson: Honesty and openness are common factors in discussions on trust. This suggests that new technologies have not yet changed the fundamental components of trusting business relationships. It remains to be seen whether this will change as a result of emerging technologies such as blockchain. The Deloitte Trust Index[48] reports that to rebuild trust, banks should demonstrate traits such as respect and integrity, rather than focusing on technology and products. **Trust thrives where people are treated with respect and business is undertaken in an open and honest environment.**

Trust in brands

In the current environment of increasing distrust in institutions including the government, brands have been described by the global communications and marketing firm Edelman as the "new democracy". Increasingly, consumers are turning to brands as their champions. Many consumers say they believe organisations with a strong brand can act on the issues they care about better than an ineffectual politician.[49]

For example Amazon.com's successful work with the growing homeless population of Seattle, an issue with which the local City Council has an ongoing struggle. Amazon are constructing and funding a homeless shelter called Mary's Place on their Seattle campus which will house up to 200 homeless citizens. They have also launched a $2 billion fund to support the homeless and build preschools in low-income communities. Similarly, in 2017 Microsoft founder Bill Gates and his wife Melinda pledged $1.7 billion to public education in the United States.

53% of Edleman survey respondents agreed that organisations with strong brands can do more than government to solve social ills — and nearly half say that organisations have better ideas. However, many organisations too are suffering from a sweeping lack of trust around the world. Consumers are increasingly holding organisations accountable. Brands that are perceived as humane and build personal relationships with their customers are perceived as more trustworthy.[50]

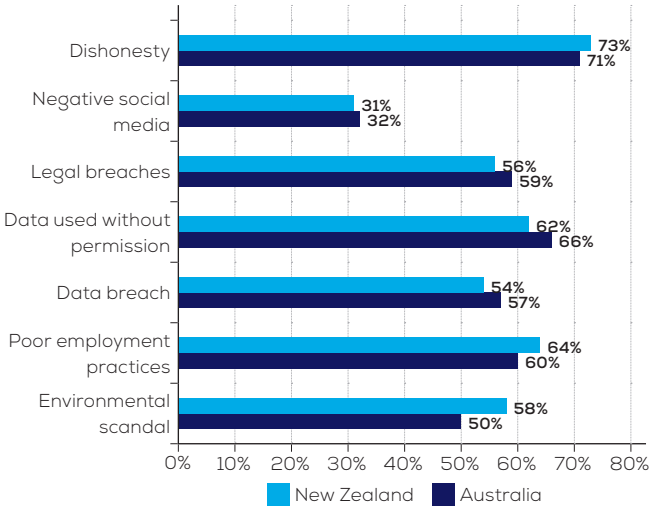
The director of brand marketing at Cadillac, Melody Lee, said that customer trust affected their bottom line: "we believe building that trust in the brand will ultimately bring the sales that we need".[51]

In order to explore the impact of trust on brand loyalty, our survey respondents were asked what factors, other than price and quality, would make them distrust major brands that they had historically supported. Answers are shown in Chart 4.1.

Dishonesty was the most significant factor, with 71% of Australians and 73% of New Zealanders selecting this option, reinforcing the importance of honesty in the trust relationship. Negative social media generated the lowest level of distrust in both countries. However, data breaches and use of data without permission both scored highly among respondents.

While people clearly dislike other factors such as environmental scandals or poor employment practices, lack of honesty is likely to have the biggest impact on brand loyalty.

Chart 4.1: Which factors (other than price and quality) would make you reconsider using a brand you had previously trusted and used regularly?



Multiple factors impact on brands, and media is among the most significant. The Chartered Accountants Worldwide Edelman Intelligence survey asked respondents if recent news coverage of the accountancy profession had negatively affected their view of the profession. The results in Table 4.1 reflect that New Zealand has not had the same level of accounting scandals as some other countries, although one of our interviewees, a partner in a Big Four firm, said: *"Globally, the industry is under pressure. There are a lot of negative comments globally around the Big Four especially and their role and various failures – particularly in relation to independence and quality".*[52]

Table 4.1: Agree that recent news coverage of the accountancy profession had negatively impacted views

UK	Ireland	South Africa	Australia	New Zealand
57%	59%	62%	57%	50%

While media coverage of the accountancy profession as a whole impacts public perceptions of the profession, the brand may also be tarnished by the poor performance of "accountants" that are not professionally qualified Chartered Accountants. Such "accountants "are not subject to the rigorous initial and ongoing ethical and educational requirements required of Chartered Accountants, and other professionally qualified accountants.

This point was raised by one of our interviewees: *"The market doesn't realise who is a qualified accountant now. Anyone can call themselves an accountant – people don't know who is a CA. Poor quality can come from someone who isn't an accountant, but most people wouldn't see that. Chartered Accountants Australia and New Zealand has a challenge with how to differentiate the profession".*[53]

However, recent research shows that brand-driven differentiation can create a perceived monopoly, whereby "your belief – and the collective public's belief – in the superiority of one brand over all others make it possible for that brand to enjoy monopoly profits".[54]

Lesson: There is potential for technical experts to take advantage of the perceived monopoly attached to the brand of their profession. This opportunity is particularly topical in the current environment where technical experts are increasingly trusted.

Trust in government and government agencies

Citizens' trust in government is crucial to facilitate social and economic transactions that would otherwise not be possible. The extent to which citizens trust the state affects their acceptance of, and compliance with, laws and regulations.[55] Failure to achieve objectives, breaking promises or perceptions of irresponsibility with spending can all contribute to reduced trust in government. Trust in government (and politicians) in Australia is at the lowest level in 20 years. The decline in political trust also impacts public confidence in other political institutions with only five rated as having more than 50% trust (police, military, civic wellbeing organisations, universities and healthcare institutions).[56]

For business, trust in government starts with the creation of a cooperative, consistent and smart global regulatory environment.[57] Regulation needs to be agile and principles-based so that it can adapt to rapidly changing technologies. One opportunity to increase trust in government is through digital transformation. Most government agencies are transforming, or attempting to transform, into more digitally connected, mobile-enabled and analytics-driven entities.[58]

A key driver in this process is the potential to improve outcomes and citizen services through the use of mobile platforms, cloud-based infrastructure and intelligent, AI-driven decision-making. Digital transformation provides an opportunity for government agencies to improve public trust, previously lost in complex interactions.[59] Digital services allow more extensive and easier engagement between citizens and the government.

Simple factors that help build trust include:
- modern design and interfaces;
- plain language; easy access to help;
- clear actions and next steps;
- familiar processes and consistency.[60]

Governments hold significant amounts of citizens' private information. Trust is undermined when this information is not protected. A survey by KPMG reported that 60-70% of respondents did not trust government or business with location data, web or app activity or content of online conversations.[61] However, our survey results found that protecting private data was the top concern for only 5% of respondents.

There is a relatively high level of trust in public services and government in New Zealand. In fact, trust in the public sector is higher than trust in the private sector.[62] However, in Australia, the 2018 Edelman Trust Barometer report showed a decreasing trust in government.[63] Government agencies have made deliberate attempts over the past 15-20 years to regain public trust. One example of this is New Zealand's Inland Revenue.

Case study: Inland Revenue New Zealand

Benefits of a high-trust environment

The New Zealand tax authority, Inland Revenue, has a number of roles in addition to collecting tax revenue. The department provides policy advice to the government, in conjunction with the New Zealand Treasury, and is involved with the collection and disbursement of other payments such as KiwiSaver (retirement savings) contributions and some welfare support payments.

Historically, Inland Revenue has battled a reputation for being heavy-handed and unsympathetic to debtors. In the late 1990s, the organisation was accused of pushing people to suicide with its approach to debt collection. Inland Revenue sought to change public perception of the department by becoming a customer-centric organisation that regarded taxpayers as customers.

This focus included a pledge to understand their customers, make it easier for customers to deal with Inland Revenue, provide personalised services and design their service around the customer.[64]

Technology has played an important role in improving customer experiences, while data analytics has played a key part in helping Inland Revenue understand their customer.

Inland Revenue's strategic approach was to "foster trust and confidence in Inland Revenue and the integrity of the tax and social policy system".[65]

Inland Revenue reports annually on the performance measurement of "Customers have trust and confidence in Inland Revenue". In 2017, they reported that 87.9% of customers had trust and confidence in Inland Revenue.[66] The performance measure had increased over each of the prior four years, reflecting efforts to improve trust with tax paying customers.

Inland Revenue's success with improving trust contrasts with the Australian Tax Office (ATO). Inspector-General of Taxation in Australia, Ali Noroozi, argues that confidence and trust are the best motivators for voluntary tax compliance but acknowledges the ATO has faced some serious trust issues.

These include IT failures in 2016 and 2017, a high profile fraud case in 2017 involving one of the highest-ranking officers in the ATO, and a media investigation into debt collection practices by the ATO.[67] The latter resulted in an ABC Four Corners Report with the headline "A Mongrel Bunch of Bastards", with reference to the ATO.[68] [69] These events all weakened the trust of taxpayers in the ATO, with research suggesting that this will impact on voluntary compliance.

Lesson: A strong organisational purpose within government and government agencies, as well as corporates and not-for-profits helps build trust with employees as well as customers and other stakeholders. Purpose defines a business and why it exists,[70] communicating culture, values and focus, all of which help align stakeholder and organisational interests and promote trust.

Trust in technology

Advancements in technology have greatly improved our quality of life. Multiple platforms remove the need to have an intermediary in many transactions. Some platforms are now larger than many governments and this generates a trust issue, particularly in relation to private data. Recent examples include the ethically questionable use of Facebook data by Cambridge Analytica.

While new technologies are converging to foster next-generation innovation, they also bring about a crisis of trust – digital trust.[71] An increasing digital presence requires increased focus on associated security risks. Trust is a primary predictor of technology usage.[72] Studies report a high level of distrust when individuals need to share personal data with other entities, such as companies or governments.[73] One study reports that 70% of organisations agree that by using data and analytics, they generate the possibility of reputation risk from events such as data breaches, or mis-selling goods and services.[74] Building consumer trust is essential for online businesses, because trust plays a strong part in determining whether a consumer will do business with an unknown retailer online.[75]

Our research suggests that it is the move away from face-to-face contact that really starts to erode trust.

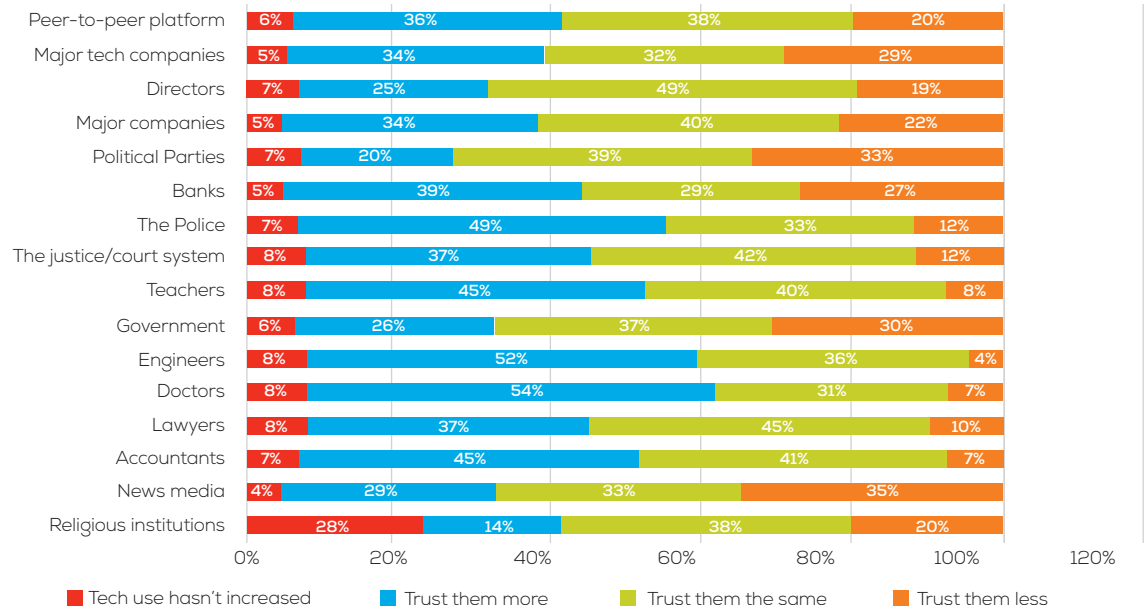
Our survey results suggest that changes in the level of face-to face contact over time impacts trust. However when it comes to the increased use of technology, changes in the level of digital contact over time appears to have no impact on trust. Respondents who reported increased digital contact with their accountant compared to five years earlier experienced no associated increased trust in their accountant. However respondents who saw their accountant less face-to-face than five years earlier reported lower trust in their accountant than those who saw them more or the same.

> *We can confidently say that it's not the technology and shift to digital contact that is impacting trust in accountants*

While technology makes transacting easier, personal connections help build trust. Research shows multiple advantages from face-to-face contact, including developing closeness, and feeling known and understood.[76] Face-to-face contact has the added advantages of often making communication more effective, facilitating socialisation and learning, and providing psychological motivation.[77] It is worth noting that while not a replacement for face-to-face contact, digital contact such as Skype delivers benefits not provided by other means of digital communication. These include the ability to detect tone of voice, read facial cues, and other forms of nonverbal communication. This is significant, as studies suggest that up to 55% of communication is nonverbal.

We asked our survey respondents how increased use of technology had affected their trust in different organisations, platforms and professions. These results are shown in Chart 4.2.

Chart 4.2: For each of the following types of organisations, how much has the increased use of technology impacted your level of trust?



Increased use of technology resulted in retention or increased levels of trust in most groups. The groups most negatively affected by technology are the groups who are already not trusted: news media (35%), political parties (33%), government (30%) and major technology companies (29%). This reinforces our finding that technology is not increasing distrust in most business environments.

Specific issues related to the impact of new technologies on business were raised in our interviews. One interviewee commented: *"the way in which the profession is seen to be handling client information in a cloud computing environment is something we will see play out over the next short while".*[78] Another technologically driven issue was clients' increasing demands, particularly around speed of delivery of services.

Case study: Trust in algorithms

Algorithms are used in increasingly diverse ways such as calculating credit ratings, investing in shares or even predicting crimes. Many algorithms are used to try to individualise offerings to customers, such as Spotify's music recommendations or websites' advertising content. But the use of algorithms raises ethical issues. China's "social credit" system, expected to be fully operational in 2020, uses algorithms to determine a person's social credit. This may then affect their future options such as choice of university, government jobs or even opportunities to travel.

The dangers of algorithms include conscious bias, inaccurate predictive analysis, absence of cultural differentiation and lack of transparency. When algorithms do not work appropriately, this generates distrust.

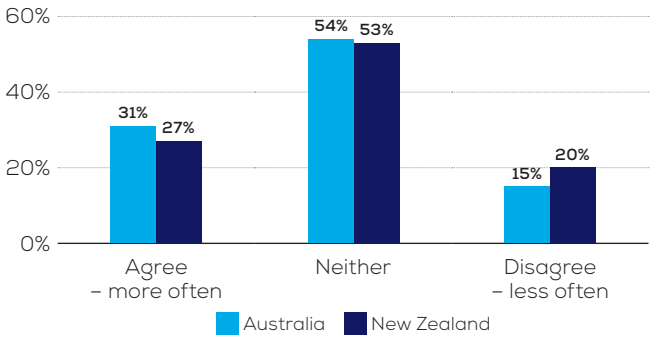
Professor Genevieve Bell, an anthropologist at Australian National University who works at the intersection of technology development and culture, explains that the period of industrialisation we are now moving into has tools and technologies involving entirely new capabilities for people and machines . Algorithms can work with more complex data than any human, however Bell cautions:

If all we do is think about the technology we set ourselves up to not be as successful as we could and should be... Having humans in the middle, both as objects and subjects and regulators of that technology is the most important and in some ways the hardest thing to do.[79]

Our survey asked respondents if they had frequent contact with their accountant over the past five years. For those that responded that they did, we then asked them about how their engagement with their accountant had changed over the past five years. These findings are shown in Charts 4.3 and 4.4.

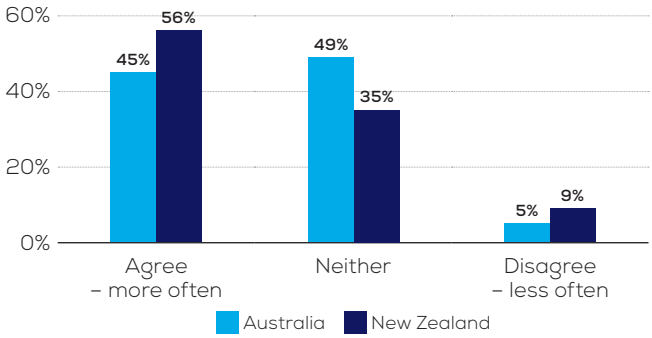
Over half of respondents in both Australia and New Zealand have similar patterns of face-to-face contact as they did five years ago. Of those who have changed, 31% of Australians and 27% of New Zealanders see their accountant face-to-face more often than five years ago.

Chart 4.3: I see my accountant face-to-face more often that I used to five years ago



Australian respondents were most likely to say that there were no changes in digital contact (49%) while New Zealanders were most likely to say that they have more digital contact with their accountant (56%). Only a small proportion (5% in Australia and 9% in New Zealand) have less digital contact with their accountant. Thus, while most people see their accountant more or around the same amount than five years ago, people have more electronic contact with their accountant. This suggests that technology is not restricting face-to-face contact.

Chart 4.4: I have more digital contact with my accountant than I did five years ago



Respondents largely reported no change in their reliance on accountants (53% of Australians and 46% of New Zealanders). Around one-third reported that they rely less on their accountant and do more themselves (33% in Australia and 35% in New Zealand). This is likely to be due to increased use of accounting software, such as Xero. However, this creates an opportunity for accountants to provide strategic business advice, rather than operational assistance.

Lesson: People had a higher level of trust in an accountant, a higher level of trust in business advice provided by an accountant, and a higher level of trust in financial statements that were audited by an accountant, where they had a personal relationship with their accountant. The evidence is clear: maintaining strong professional relationships is vital. Face-to-face contact can further strengthen these relationships.

Conclusion

How to enhance trust: new technologies + old values

Digital distrust: Don't let technology get in the way of face-to-face business relationships

Our research reiterates the importance of face-to-face relationships. As we increasingly communicate electronically, this reinforces the importance of maintaining personal relationships with customers and clients because face-to-face contact brings multiple benefits.

Communicate your purpose – loudly

While people remain confident in the technical abilities of an expert, our research found that people are less confident in the ability of an organisation to provide unbiased advice reflective of their own personal values. This was particularly true for accountants, which presents a trust opportunity. All businesses, including accountants, need clear organisational values and a purpose that goes beyond making a profit. Communicate these values authentically and clearly to current and prospective clients to build trust and connections.

Mind the trust gap

Be mindful of the trust gap; the gap between what are generally believed to be the main trust concerns of people and their actual concerns. Focus on what is important to your customers.

Focus on fundamentals: honesty is key

Never forget the importance of honesty. This old-fashioned value mattered to our survey respondents a lot more than modern issues such as data protection. Honesty was one of the primary trust concerns of every profession and institution.

The resurgence of the expert: leverage your expertise

International research suggests that experts, both technical and academic, are who we trust most. In fact, in a climate of declining trust in institutions, trust in technical experts is rising. If you are an expert in your field, leverage this to gain trust and a competitive advantage. Now is the time for experts to rebuild trust with adversely impacted groups.

Your employees are the key to trust and trust goes both ways

Leverage your workforce – they are key to building and maintaining trust in your business. As part of carrying out their role, employees build relationships, and therefore trust, with clients. Research supports the notion that consumers trust employees of a brand more than they trust its CEO or executive team. But trust goes both ways. If employees are to trust their employers there must be an organisational culture of open communication. Trust flourishes when organisations are genuinely transparent about their values, and only when management of all levels embrace diversity and inclusivity and 'walk the talk' by leading with trust.

References

1. Robert Hurley, "Trust Me: companies spend a lot of time focusing on ethical behavior. But that's not where the crisis is", Wall Street Journal, New York, 24 October 2011.

2. Roderick M Kramer (2006) Organizational Trust: Progress and Promise in Theory and Research, In Roderick M Kramer (Ed) *Organizational Trust: A Reader.* Oxford: Oxford University Press.

3. Roderick M Kramer (2006) Organizational Trust: Progress and Promise in Theory and Research, In Roderick M Kramer (Ed) *Organizational Trust: A Reader.* Oxford: Oxford University Press.

4. Boris F Blumberg, Jose M Peiro and Robert A Roe (2012) Trust and Social Capital: Challenges for studying their dynamic relationship, In Fergus Lyon, Guido Mollering and Mark N K Saunders (Eds) *Handbook of Research Methods on Trust.* Cheltenham: Edward Elgar.

5. James M Sharpe and Charles H Green (2012) "A Note on Trust", *Harvard Business School Technical Note,* 813-058.

6. David Dowell, Mark Morrison and Troy Heffernan (2015) "The Changing Importance of Affective Trust and Cognitive Trust Across the Relationship Lifecycle: A study of business-to-business relationships", *Industrial Marketing Management,* 44:119-130; Devon Johnson and Kent Grayson (2005) "Cognitive and Affective Trust in Service Relationships", *Journal of Business Research,* 58(4):500-507; Houcine Akrout and Mbaye Fall Diallo (2017) "Fundamental Transformations of Trust and Its Drivers: A multi-stage approach of business-to-business relationships", *Industrial Marketing Management,* 66:159-171; Jim Baxter, James Dempsey, Chris Megone and Jongseok Lee (2018) *Real Integrity – Practical solutions for organisations seeking to promote and encourage integrity,* London: Institute of Chartered Accountants England and Wales.

7. The survey collected 1,500 responses across New Zealand and Australia.

8. Chartered Accountants Worldwide (CAW) brings together the members of leading institutes to create a community of over 1.7 million Chartered Accountants and students in more than 185 countries. Members of CAW include ICAEW, CA ANZ, SAICA, CAI, ISCA, ICAI, ICAP, IAI, ZiCA, ICAB and CA Sri Lanka. www.charteredaccountantsworldwide.com.

9. IPSOS / MORI Social Research Institute (2017) *Veracity Index 2017,* Retrieved 18 August 2018, from https://www.ipsos.com/sites/default/files/ct/news/documents/2017-11/trust-in-professions-veracity-index-2017-slides.pdf.

10. IFAC, CA ANZ and ACCA (2017) G20 Public Trust in Tax, Retrieved 1 November 2018, from https://www.accaglobal.com/an/en/technical-activities/technical-resources-search/2017/march/g20-public-trust-in-tax.html.

11. Transparency International (2018) Media Release: Rising corruption concern drives support for federal integrity body, Global Corruption Barometer Survey Results, Retrieved 20 August 2018, from http://transparency.org.au/media-release-gcb-survey-2018/.

12. Mark Evans, Gerry Stoker and Max Halupka, Australians' trust in politicians and democracy hits an all-time low: new research. Retrieved 6 December 2018, from http://theconversation.com/australians-trust-in-politicians-and-democracy-hits-an-all-time-low-new-research-108161?utm_medium

13. Institute for Governance and Policy Studies, School of Government, Victoria University of Wellington. Public Trust Survey, Retrieved 1 November 2018, from https://www.victoria.ac.nz/__data/assets/pdf_file/0007/1616380/IGPS-Trust-Presentation-June2018.pdf#download the Public Trust PDF.

14. Edelman International, 2018 Edelman Trust Barometer, Retrieved 14 August 2018, from https://www.edelman.com/trust-barometer.

15. Edelman Study undertaken for CA ANZ.

16. Deloitte Digital (2018) Restoring Trust in Financial Services in the Digital Era. Retrieved 11 August 2018, from https://trustedadvisor.com/articles/rebuilding-trust-in-the-financial-sector.

17. Edelman International, 2018 Edelman Trust Barometer, Retrieved 14 August 2018, from https://www.edelman.com/trust-barometer.

18. Edelman International, Australia: Trust in tumult, Retrieved 18 August 2018, from https://www.edelman.com/post/australia-trust-in-tumult.

19. Deloitte Digital, (2018) Restoring Trust in Financial Services in the Digital Era, Retrieved 11 August 2018, from https://trustedadvisor.com/articles/rebuilding-trust-in-the-financial-sector.

20. Edelman International, 2018 Edelman Trust Barometer, Retrieved 14 August 2018, from https://www.edelman.com/trust-barometer.

21. Institute for Governance and Policy Studies, School of Government, Victoria University of Wellington. Public Trust Survey, Retrieved 1 November 2018, from https://www.victoria.ac.nz/__data/assets/pdf_file/0007/1616380/IGPS-Trust-Presentation-June2018.pdf#download the Public Trust PDF.

22. Andrew Hill, "Business Leaders: You face a gaping trust deficit", Reported in the Financial Times, 16 January 2017, https://www.ft.com/content/592ba080-d8ad-11e6-944b-e7eb37a6aa8e.

23. Sanjay Banerjee, Norman E Bowie and Carla Pavone, (2006) "An Ethical Analysis of the Trust Relationship" In Reinhard Bachmann and Akbar Zaheer (Eds) Handbook of Trust Research, Cheltenham: Edward Elgar.

24. Adapted from Sanjay Banerjee, Norman E Bowie and Carla Pavone, (2006) "An Ethical Analysis of the Trust Relationship" In Reinhard Bachmann and Akbar Zaheer (Eds) *Handbook of Trust Research,* Cheltenham: Edward Elgar, p. 305.

25. Acumen Republic / Edelman, (2018) The Battle for Truth: 2018 Acumen Edelman Trust Barometer, Retrieved 2 November 2018, from https://www.acumenrepublic.com/media/1406/trust-barometer-new-zealand-march-2018.pdf, p.5.

26. Bhaskar Chakravorti and Ravi Shankar Chaturvedi, (2017) "Digital Planet 2017: How competitiveness and trust in digital economies vary across the world" The Fletcher School, Tufts University, July 2017, Retrieved 6 November 2018, from https://sites.tufts.edu/digitalplanet/executive-summary/.

27. Bhaskar Chakravorti, (2018) "Trust in Digital Technology will be the Internet's next frontier, for 2018 and beyond", The Conversation, 4 January 2018, Retrieved 2 November 2018, from http://theconversation.com/trust-in-digital-technology-will-be-the-internets-next-frontier-for-2018-and-beyond-87566.

28. Bhaskar Chakravorti and Ravi Shankar Chaturvedi, (2017) "Digital Planet 2017: How competitiveness and trust in digital economies vary across the world" The Fletcher School, Tufts University, July 2017, Retrieved 6 November 2018, from https://sites.tufts.edu/digitalplanet/executive-summary/, p.21.

29. Reported in The Guardian, 8 April 2018, "Facebook to contact 87 million users affected by data breach", Retrieved from https://www.theguardian.com/technology/2018/apr/08/facebook-to-contact-the-87-million-users-affected-by-data-breach.

30. Reported in The New York Times, 23 October 2018, "Yahoo to pay $50M, other costs for massive security breach", Retrieved from https://www.nytimes.com/aponline/2018/10/23/us/ap-us-yahoo-breach-settlement.html

31. Bhaskar Chakravorti, (2018) "Trust in Digital Technology will be the Internet's next frontier, for 2018 and beyond", The Conversation, 4 January 2018, Retrieved 2 November 2018, from http://theconversation.com/trust-in-digital-technology-will-be-the-internets-next-frontier-for-2018-and-beyond-87566.

32. Natalie Ferres, Julia Connell, Anthony Travaglione, (2004) "Co-worker trust as a social catalyst for constructive employee attitudes", Journal of Managerial Psychology, 19(6):608-622.

33. Riikka Ellonen, Kirsimarja Blomqvist and Kaisu Puumalainen, (2008) "The Role of Trust in Organisational Innovativeness", *European Journal of Innovation Management,* 11(2):160-181.

34. Pedro Neves and Antonio Caetano. 2009. "Commitment to Change: Contributions to Trust in the Supervisor and Work Outcomes", *Group and Organization Management,* 34(6):623-644.

35. C Shawn Burke, Dana E Sims, Elizabeth H Lazzara and Eduardo Salas, (2007) "Trust in Leadership: A multi-level review and integration", *The Leadership Quarterly,* 18(6):606-632.

36. Kurt T Dirks and Donald L Ferrin, (2002) "Trust in Leadership: Meta-analytic findings and implications for research and practice", *Journal of Applied Psychology,* 87(3):611-628.

37. Kurt T Dirks, (2000) "Trust in Leadership and Team Performance: Evidence from NCAA basketball", *Journal of Applied Psychology,* 85(6):1004-1012, p. 1009.

38. Kurt T Dirks, (2006) "Three Fundamental Questions Regarding Trust in Leaders", In *Handbook of Trust Research,* Edited by Reinhard Bachmann and Akbar Zaheer. Edward Elgar: Cheltenham.

39. Aamir Chughtai, Marann Byrne and Barbara Flood, (2015) "Linking Ethical Leadership to Employee Well-being: the role of trust in supervisor", *Journal of Business Ethics,* 128:653-663.

40. PwC, "Aligning Purpose to Restore Trust", Retrieved 6 December 2018, from https://www.pwc.com.au/ceo-agenda/ceo-survey/2018/aligning-purpose-to-restore-trust.html.

41. Margaret Bazley, 2018, Independent Review of Russell McVeagh, Retrieved 9 October 2018, from https://www.russellmcveagh.com/getmedia/cc682d64-46a1-40e3-987b-cd82223bea24/Independent-Review-of-Russell-McVeagh-2018.pdf/.

42. Margaret Bazley, 2018, Independent Review of Russell McVeagh, Retrieved 9 October 2018, from https://www.russellmcveagh.com/getmedia/cc682d64-46a1-40e3-987b-cd82223bea24/Independent-Review-of-Russell-McVeagh-2018.pdf/, p.48.

43. PwC, "Want to regain trust? Be more human", Retrieved 6 December 2018, from https://www.pwc.com.au/ceo-agenda/ceo-survey/2017/key-findings/trust.html.

44. Keith S Coulter and Robin A Coulter, (2003) "The effects of industry knowledge on the development of trust in service relationships" *International Journal of Research in Marketing,* 20(1):31-43.

45. Sergio Roman, (2012) "The Impact of Ethical Sales Behaviour on Customer Satisfaction, Trust and Loyalty to the Company: An empirical study in the financial services industry", *Journal of Marketing Management,* 19(9): 915-939.

46. Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, (2018) Interim Report – Volume 1, Retrieved 10 October 2018, from https://financialservices.royalcommission.gov.au/Documents/interim-report/interim-report-volume-1.pdf.

47. Deloitte, Deloitte Trust Index – Banking 2018, The way forward to rebuild reputation and trust, Retrieved 6 December 2018, from https://www2.deloitte.com/au/en/pages/financial-services/articles/deloitte-trust-index-banking-survey.html.

48. Deloitte, Deloitte Trust Index – Banking 2018, The way forward to rebuild reputation and trust, Retrieved 6 December 2018, from https://www2.deloitte.com/au/en/pages/financial-services/articles/deloitte-trust-index-banking-survey.html

49. Edelman International, (2018) "Edelman Earned Brand Report", Retrieved 6 November 2018, from https://www.edelman.com/earned-brand

50. Philipp Kristian Diekhöner, *The Trust Economy: Building strong networks and realising exponential value in the digital age* (Singapore, Marshall Cavendish Business, 2017).

51. Claire Zulkey, (2016) Blog: The Trust Project at Northwestern University. "An Inside Perspective on Building Brand Trust at Cadillac" Retrieved 18 October 2016, from http://blogs.kellogg.northwestern.edu/trust-project/2016/10/18/an-inside-perspective-on-building-brand-trust-at-cadillac/.

52. Interview with Partner, Big 4, New Zealand.

53. Interview with audit partner, Big 4, NZ.

54. Philipp Kristian Diekhöner, *The Trust Economy: Building strong networks and realising exponential value in the digital age* (Singapore, Marshall Cavendish Business, 2017).

55. Margaret Levi, (1998) A State of Trust, In V Braithwaite, M Levi, Karen S Cook, Russell Hardin and M Levi (Eds) *Trust and Governance.* Russell Sage Foundation.

56. Mark Evans, Gerry Stoker and Max Halupka, Australians' trust in politicians and democracy hits an all-time low: new research. Retrieved 6 December 2018, from http://theconversation.com/australians-trust-in-politicians-and-democracy-hits-an-all-time-low-new-research-108161

57. IFAC, (2016) Trust and Integrity: The accountancy profession's call for action by the G20, Retrieved 6 November 2018, from https://www.ifac.org/publications-resources/trust-and-integrity.

58. Digital Government Institute, (2018) Federal Digital Trust Symposium: Transforming government security. Retrieved 11 October 2018, from http://digitalgovernment.com/prior-events/digital-trust-conference-013118-2/.

59. Liferay, Building Trust in Government Through Digital Transformation, Retrieved 21 August 2018, from https://www.liferay.com/resource/13811/Building+Trust+in+Government+Through+Digital+Transformation.

60. Liferay, Building Trust in Government Through Digital Transformation, Retrieved 21 August 2018, from https://www.liferay.com/resource/13811/Building+Trust+in+Government+Through+Digital+Transformation, p.6.

61. KPMG, (2016)"Building Trust in Analytics: Breaking the cycle of mistrust in D&A", Retrieved 7 November 2018, from https://assets.kpmg.com/content/dam/kpmg/xx/pdf/2016/10/building-trust-in-analytics.pdf.

62. State Services Commission, (2017) Kiwis Count: New Zealanders' satisfaction with public services, December 2017 Annual Report, Wellington: State Services Commission.

63. Edelman International, 2018 Edelman Trust Barometer – Global Report, Retrieved 14 October, from https://cms.edelman.com/sites/default/files/2018-01/2018%20Edelman%20Trust%20Barometer%20Global%20Report.pdf.

64. Inland Revenue, (2016) Our Corporate Strategy – Customer, May 2016, Retrieved 12 October 2018, from https://www.ird.govt.nz/resources/9/f/9fa02380-3b38-4b91-912f-bf41b2ac0037/corp-strategy-customer.pdf.

65. Inland Revenue, (2016) Our Corporate Strategy – Customer, May 2016, Retrieved 12 October 2018, from https://www.ird.govt.nz/resources/9/f/9fa02380-3b38-4b91-912f-bf41b2ac0037/corp-strategy-customer.pdf, p.2.

66. Inland Revenue, (2018) Annual Report 2017, Wellington: Inland Revenue.

67. Garry Shilson-Josling, (2018) "Noroozi calls for greater ATO oversight", *Acuity,* October/November 2018, p.42.

68. ABC, Four Corners, 9 April 2018, Retrieved 30 October, from https://www.abc.net.au/4corners/mongrel-bunch-of-bastards/9635026.

69. Australian Government, Inspector-General of Taxation, (2018) "Review into the ATO's fraud control management", Retrieved 24 October 2018, from https://igt.gov.au/publications/reports-of-reviews/review-into-the-atos-fraud-control-management-2/.

70. PwC, "Aligning Purpose to Restore Trust", Retrieved 7 December 2018, from https://www.pwc.com.au/ceo-agenda/ceo-survey/2018/aligning-purpose-to-restore-trust.html.

71. Digital Government Institute, (2018) Federal Digital Trust Symposium: Transforming government security, Retrieved 1 November 2018, from http://digitalgovernment.com/prior-events/digital-trust-conference-013118-2/.

72. Xin Li, Traci J Hess, Joseph S Valacich, (2008) "Why Do We Trust New Technology? A study of initial trust formation with organizational information systems" *The Journal of Strategic Information Systems,* 17(1): 39-71.

73. Omidyar Network, (2017) "Constituent Voices: Trust and privacy", Retrieved 7 November 2018, from https://www.omidyar.com/sites/default/files/file_archive/Constituent%20Voices%20Trust%20and% 20Privacy.pdf.

74. KPMG, (2016)"Building Trust in Analytics: Breaking the cycle of mistrust in D&A", Retrieved 7 November 2018, from https://assets.kpmg.com/content/dam/kpmg/xx/pdf/2016/10/building-trust-in-analytics.pdf.

75. D Harrison Knight, Vivek Choudhury and Charles Kacmar, (2002) "The Impact of Initial Consumer Trust on Intentions to Transact with a Web Site: A trust based model", *The Journal of Strategic Information Systems,* 11(3-4), pp. 297-323.

76. Amy Colbert, Nick Yee and Gerard George, (2016) "The Digital Workforce and the Workplace of the Future" *Academy of Management Journal,* 59(3):731-739.

77. Michael Storper and Anthony J Venables, (2004) "Buzz: Face-to-face contact and the urban economy", *Journal of Economic Geography,* 4(4):351-370.

78. Interview with audit partner, Big 4, NZ.

79. Reported in CIO, "Genevieve Bell calls out the creeps and warns of analytics' unintended consequences", 5 April 2017, Retrieved 7 December 2018, from https://www.cio.com.au/article/617193/creepy-algorithms-make-humans-anxious-warns-leading-anthropologist/.

CHARTERED ACCOUNTANTS™

AUSTRALIA + NEW ZEALAND